



Kansas Department of Health and Environment
Division of Health Care Finance
HIT Initiative
Fact Sheet: Incentive Payments

The American Recovery and Reinvestment Act of 2009 (Recovery Act) created the Medicare and Medicaid electronic health record (EHR) incentive program to promote the adoption and meaningful use of certified EHR technology.

This fact sheet provides information about the incentive payments for Kansas' EHR incentive program.

Payments

The Medicaid and Medicare EHR incentive programs provide incentive payments to eligible hospitals and eligible professionals (EPs) for the meaningful use of certified EHR technology.

- EPs can receive incentive payments for Adoption, Implementation or Upgrade (AIU) if they have already implemented an EHR system that meets certification requirements issued by the Office of the National Coordinator (ONC¹). For example, providers can receive an incentive payment for upgrades to a Federally-certified system.
- Providers can attest to meaningful use in the first payment year rather than for adoption, implementation and upgrade.
- Providers will need to attest to meeting meaningful use stage 1 criteria and use the funds towards a Federally-certified EHR system.
- A provider that attests to meaningful use stage 1 in the first payment year will need to demonstrate meaningful use stage 2 in the second payment year. However, providers that attest to adoption, implementation and upgrade will be able to attest to meaningful use stage 1 criteria in year two.

Incentive payments are not provided to reimburse providers for the total cost of purchasing certified EHR technology. Providers may be eligible for either Medicare or Medicaid EHR incentive programs. Payment eligibility differs for hospitals and EPs:

- Hospitals are eligible to receive payments under both programs.
- EPs who meet requirements of both programs must choose one program from which they will receive an EHR incentive payment. EPs may switch programs once before 2015.

EPs do not have to participate consecutive years to qualify for the maximum Medicaid EHR incentive payments, however they must enroll by 2016 to participate. The last Medicaid

¹ To view a complete list of certified EHR products, visit: <http://onc-chpl.force.com/ehrcer>

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payment year is 2021. Under Medicare, the last payment year is 2015 and EPs must participate for consecutive years to qualify for the maximum Medicare incentive payment.

EPs who demonstrate meaningful use of certified EHRs can receive a maximum of \$44,000 over five years in incentive payments from Medicare over five years. To receive the maximum, EPs must begin participation by 2012. For providers who do not successfully demonstrate meaningful use by 2015 will have a payment adjustment in their Medicare reimbursement².

EPs who adopt, implement, upgrade, and meaningfully use EHRs can receive a maximum of \$63,750 in incentive payments from Medicaid over a six year period. (Note: There are special eligibility and payment rules for pediatricians. Pediatricians who adopt, implement, upgrade, and meaningfully use EHRs can receive a maximum of \$63,750 in Medicaid incentive payments over a six-year period, if they meet provider eligibility requirements and have a patient volume threshold of at least 30 percent. Pediatricians who have a patient volume threshold between 20 and 29 percent can receive a maximum of \$42,500 in Medicaid incentive payments over a six-year period.)

Table 1 below demonstrates the incentive payments for provider for both Medicare and Medicaid.

Table 1: Maximum EHR Incentive Payments by Program Based on the First Calendar Year (CY) for Which the EP Receives Payment

CY	CY 2011		CY 2012		CY 2013		CY 2014		CY 2015		CY 2016	
	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid
2011	\$18,000	\$21,250										
2012	\$12,000	\$8,500	\$18,000	\$21,250								
2013	\$8,000	\$8,500	\$12,000	\$8,500	\$15,000	\$21,250						
2014	\$4,000	\$8,500	\$8,000	\$8,500	\$12,000	\$8,500	\$12,000	\$21,250				
2015	\$2,000	\$8,500	\$4,000	\$8,500	\$8,000	\$8,500	\$8,000	\$8,500		\$21,250		
2016		\$8,500	\$2,000	\$8,500	\$4,000	\$8,500	\$4,000	\$8,500		\$8,500		\$21,250
2017				\$8,500		\$8,500		\$8,500		\$8,500		\$8,500
2018						\$8,500		\$8,500		\$8,500		\$8,500
2019								\$8,500		\$8,500		\$8,500
2020										\$8,500		\$8,500
2021												\$8,500
Total (if EP does not switch programs)	\$44,000	\$63,750	\$44,000	\$63,750	\$39,000	\$63,750	\$24,000	\$63,750	\$0	\$63,750	\$0	\$63,750

NOTE: Medicare EPs may not receive EHR incentive payments under both Medicare and Medicaid.

NOTE: The amount of the annual EHR incentive payment limit for each payment year will be increased by 10 percent for EPs who predominantly furnish services in an area that is designated as an HPSA.

² For more information, visit: <http://www.cms.gov/EHRIncentivePrograms/>



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An EP can reassign incentive payments to one entity such as his or her employer or an entity with which the EP has a valid employment agreement or valid contractual arrangement that allows the entity to bill for the EP's services. Applicants will attest to this relationship during the application process.

Kansas anticipates implementing its EHR incentive program in the fall of 2011. Once the EHR incentive program is operational and accepting applications, Kansas anticipates making payment by early 2012 at the latest.

Additional guidance and information about Kansas' EHR incentive program is posted on its website at: <http://www.kdheks.gov/hcf/hite/default.htm>